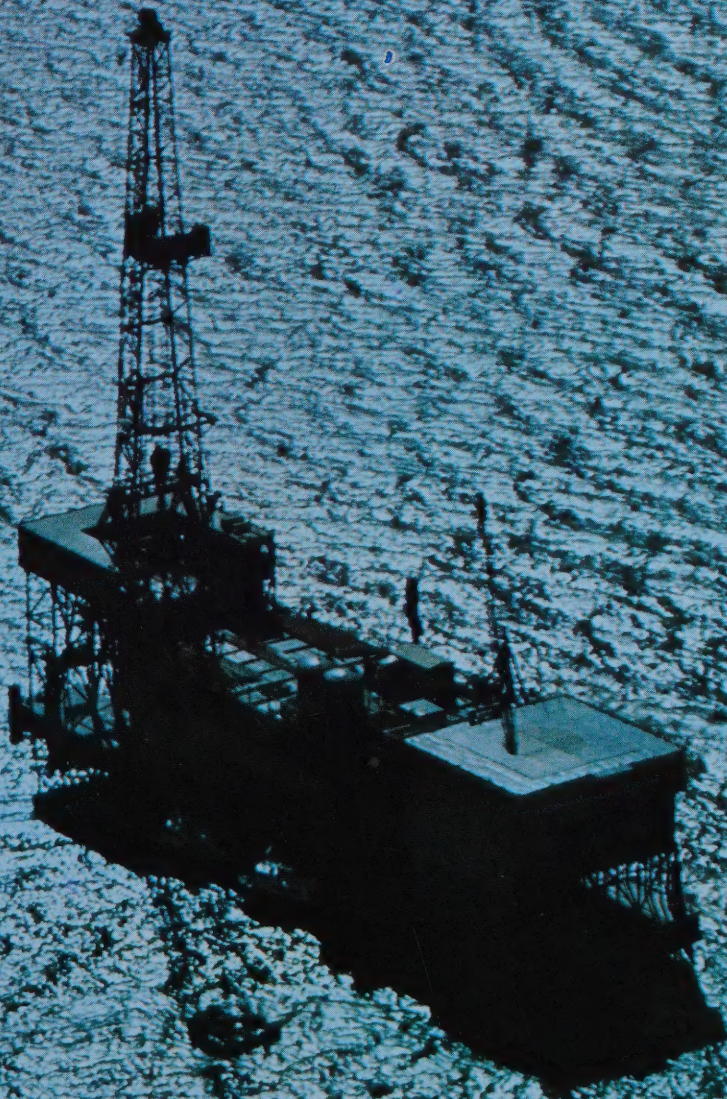




SKELLY OIL COMPANY • 1969 ANNUAL REPORT

AR21



On the cover

Drilling continues at the Coon Point Field, offshore Louisiana, which started producing large volumes of gas and condensate late in the year.

At right

A hot spot for Skelly in the past year was the sometimes-frigid Virgo-Zama area of northwestern Alberta, Canada. "Tight Hole" means information about the well is strictly confidential.





1969 Annual Report

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financial supplement available

A supplement providing more detailed financial and operating data will be furnished upon request. Copies may be obtained from the Director of Public Relations, Skelly Oil Company, P. O. Box 1650, Tulsa, Oklahoma 74102.

annual stockholders meeting

The annual meeting of the stockholders will be held Tuesday, October 20, 1970, at the company's office in Tulsa, Oklahoma. Formal notice of the meeting and proxy statement will be sent to stockholders approximately one month before the annual meeting.

Highlights

Financial	1969	1968
Sales and Other Revenue.....	\$485,221,000	\$470,418,000
Net Income.....	38,371,000	40,269,000
Net Income per Share.....	3.21	3.34
Cash Flow.....	91,974,000	95,732,000
Capital Expenditures.....	68,133,000	94,043,000
Total Assets.....	647,926,000	635,789,000



Letter from the president

The year 1969 ended on an encouraging note for Skelly Oil Company, as operational improvements resulted in an excellent fourth quarter, with earnings for that period exceeding those of the similar quarter in 1968. This did much to offset a disappointing first nine months.

The company's 1969 net income was \$38.4 million, compared with \$40.3 million the previous year. The 1969 income was \$3.21 per share, 4 percent below the \$3.34 in 1968.

Sales and other revenue from all sources was \$485.2 million, 3 percent above the previous record of \$470.4 million, set in 1968. Net income from our oil and gas operations also reached an all-time high in 1969.

New records were posted in the production of natural gas and natural gas liquids, in refinery runs, and in the sale of petroleum products.

Of the important indicators of our corporate progress, only crude oil production was lower than in 1968, but it was still at the second highest rate in Skelly history. The downward trend was reversed in the final quarter of 1969, with crude oil production 3 percent higher than that of the comparable 1968 period. This growth is expected to continue throughout 1970.

Operating	1969	1968
Net Production (barrels per day)		
Crude Oil and Condensate.....	78,174	80,496
Natural Gas Liquids.....	10,600	9,347
Total	88,774	89,843
Net Natural Gas Produced (MCF per day).....	403,765	385,515
Refinery Input (barrels per day).....	75,540	70,704
Natural Gas Liquids Recovered from Gas Processing Plants (barrels per day).....	35,401	35,037
Petroleum Products Sold (barrels per day).....	115,407	108,227

The efforts of our employees in 1969 are to be commended, as considerable progress was made despite adverse conditions facing the company and the industry.

Important factors in the decline in net income included a 52-day refinery strike, operating difficulties associated with start-up at Chemplex Company's petrochemical plant that now appear to be solved, and lower capital gains and investment tax credit in 1969 than in 1968.

Lower prices for liquefied petroleum gas and wood products for the year as a whole also adversely affected 1969 earnings, compared with 1968's. However, LPG prices definitely firmed in the last quarter of the report year.

Capital expenditures for 1969 totaled \$68.1 million, compared with \$94.0 million in 1968. For 1970, we have programmed capital expenditures that will return our activity to approximately the 1968 level. About 70 percent of these planned expenditures will be for exploration and production, which will continue to represent the main thrust of this company.

Although we drilled slightly fewer wells in 1969, our success rate was excellent and the overall results of our exploration and production activities for the year were gratifying. A number of fine wells, particularly on the Gulf Coast and in Canada, were completed. Full effect of these wells in increased oil and gas production will not be felt until 1970.

Manufacturing and marketing results were generally better in 1969, despite the refinery strike and lower prices for LPG during much of the year. The substantial increases in refinery output and sales contributed to a brighter profit picture in the report period.

We are particularly pleased with the success of our new marketing program, which features five different blends of Skelly gasoline. This has been significant in our sales gains during the year.

Our diversification program continues to develop. An important new company initiated in 1969 is Tong Suh Petrochemical Corporation, Ltd., a Korean acrylonitrile firm in which Skelly owns a 50 percent interest.

Major developments in our wood-products business in 1969 involved two partially owned subsidiaries. Vanply of Liberia, Inc., was formed as a 65-percent Skelly owned company, and started logging on a 1.6-million-acre concession in the Republic of Liberia. Vancouver Plywood Co., Inc., a Louisiana company now 50 percent Skelly owned, launched a long-term expansion

and development program designed to improve profitability and raw materials utilization.

Legal actions to regain all or a substantial portion of our crude oil import quota are pending, and we expect decisions in these two cases in the near future.

Several important organizational changes occurred in 1969, as described on page 25. Two corporate officers retired during the year, and we express our appreciation for their many years of service. Claud L. Blacksher, vice president for production and a veteran of 40 years with Skelly, retired June 30. Hawley C. Kerr, who retired as an employee and general counsel in 1966 but continued as corporate secretary, completed his term on retainer December 31, after 33 years with the company.

In general, 1969 was a trying period for the entire petroleum industry. The tax legislation enacted at year end reduced the depletion rate for oil and gas. Potentially even more injurious to the future supply of oil and gas in this country is the proposed increase in the importation of foreign crude oil. Both of these measures are contrary to the long-range interests of the nation, which is highly dependent on oil and gas as sources of energy. Dependence on foreign oil would increase, with no assurance that this oil would remain either more available or cheaper than domestic supplies, and at the same time would adversely affect our already serious balance of payments problem.

These developments will affect Skelly, along with the rest of the industry. We estimate that the new tax measures will raise our federal income taxes for 1970 in the order of \$3 million, or about 25 cents per share, and additional income taxes will result from the repeal of the investment tax credit. There is no assurance that these higher taxes will be offset by price increases for our products.

Indications are that in 1970 the petroleum industry will continue to have its problems, and we must identify and direct our activities in accord with the national interest, as we have done in the past. Despite the difficulties facing the industry, we see 1970 as a promising year for Skelly from an operational standpoint, as the growth and improvement evidenced in the latter part of 1969 continue.



Ernest B. Miller, Jr.
President

February 6, 1970



Exploration, production program successful

A very successful drilling program, an upturn in the production of crude oil in the final period, and record natural gas production marked a successful year in exploration and production efforts.

In 1969 we took part in drilling 240 gross wells, or 56 net*. Of these net wells, 32 were oil producers, 10 were gas wells, and only 14 were dry holes. The previous year, we participated in 264 gross wells, or 74 net, of which 49 were productive and 25 were dry holes.

This improvement in drilling results is indicative of the quality of prospects being developed in our exploration program. Also it had a pronounced effect in reducing exploratory expense in 1969.

During the last quarter of 1969, crude oil production was 3 percent higher than in the corresponding quarter of 1968. A continued increase in the production rate is projected for 1970.

For the year as a whole, crude oil and natural gas liquids production averaged 88,774 net barrels per day, the second highest in company history, and only 1 percent lower than 1968's record 89,843 net barrels per day.

The decrease in oil production is attributable largely to normal decline of some of the older fields, plus an earlier-than-forecast decrease in pro-

The search for mineral reserves goes on under searing sun and in numbing cold. Sawdust on the rig floor helps drillers retain their footing as a snowstorm blots out the surrounding woods.

duction from Alaska's Cook Inlet, where pressure maintenance programs designed to stabilize and eventually increase production rates are underway.

Continuously increasing production in the Virgo-Zama area of northwestern Alberta, Canada, made the largest single contribution toward offsetting declines in production elsewhere. Our Canadian oil production at the end of 1969 was some 30 percent higher than it was a year earlier.

Skelly's interests, principally 33 $\frac{1}{3}$ percent or 50 percent, in wells completed in the Virgo-Zama area during 1969 amounted to 8 net oil wells. Most of the Virgo-Zama wells are capable of producing 500 to 1,000 barrels of oil daily, from a depth of around 5,500 feet. Producing formations more than 200 feet thick frequently are encountered. Additional wells are being drilled.

Also making important contributions to our production totals are the 267 additional-recovery units in which we participate. Nine such units became effective in 1969, and work continued toward forming 45 more, 11 of which we will operate.

Natural Gas Production Rises

The record natural gas production averaged 404 million net cubic feet per day. This is an increase of 5 percent over the 386 million net cubic feet per day a year ago.

A continuation of this upward trend in gas production is projected, with the offshore Louisiana area playing a major role. The Block 6 Field in the Main Pass area, some 70 miles east of New Orleans, was producing 25 million net cubic feet of gas per day for Skelly at December 31. The Coon Point Field, about 75 miles southwest of New Orleans, was yielding 52 million net cubic feet of gas per day, along with 1,650 barrels of condensate. These rates were attained too late in the year to have significant impact on our production and earnings, but will appreciably affect 1970 performance.

Elsewhere on the Gulf Coast, the CSSG Group announced the completion of a discovery well and a confirmation test on its Brazos Block A-76. This 5,760-acre tract, in which Skelly owns a 25 percent interest, is in offshore Texas waters, 90 miles east of Corpus Christi. At year end, test

results were being studied and design work had been started on a drilling platform.

In the year covered by this report, Skelly operated important Alaskan geophysical surveys in Bristol Bay and the Bering Sea for groups of companies, and took part in similar projects in the Atlantic offshore, the Gulf of Mexico, and the Gulf of Alaska in the search for new reserves of oil and gas.

Key-Area Leases Acquired

Acquisition of new lease interests in 1969 was concentrated in key areas in our long-range exploration program.

In Canada, Skelly acquired interests in 14 tracts comprising 3,840 gross (2,000 net) acres in the Virgo-Zama area of Alberta, Canada. We also acquired a 50 percent interest in two tracts containing some 100,000 permit acres on the Mackenzie syncline of the Northwest Territories, Canada; and in the Eagle Basin, Yukon Territory, we obtained a 50 percent interest in 174,000 permit acres.

Offshore Louisiana, we leased 4,370 gross (1,093 net) acres in the Main Pass area and 5,000 gross (3,125 net) acres in West Cameron Block 144 at a federal drainage sale in December. During the year, we also acquired some 2,500 gross (625 net) acres in the South Marsh Island area, offshore Iberia Parish.

Our search for leases with high potential also resulted in the acquisition of some 28,000 gross (15,000 net) acres in West Texas' Delaware and Val Verde basins.

Other attractive leases were purchased in the promising Jurassic trend of Mississippi and Alabama. We now have a total of 65,000 net acres in this area, 35,000 of which were acquired in 1969. In Mississippi's Goodwater Field, Clarke County, we participated in the drilling of the discovery and 6 other wells, 5 of which were producers. Development drilling will continue in 1970.

As this report was being written, drilling was well under way on the first exploratory test on the offshore portion of a 15-million-acre concession in Mozambique, East Africa, in which Skelly owns a one-third interest. The well is being drilled from a floating platform scheduled to drill several others in the area in 1970. All offshore seismic work there has been finished, and geophysical evaluation of the onshore acreage is 75 percent complete. ◇

*The net figure used in reporting wells represents the sum of Skelly's interests, ranging from 100 percent to a small fraction, in a larger number of wells.

Full year's benefits felt from expanded transportation facilities

Significant among the accomplishments of our supply and transportation department was the completion of a seven-year project to expand and automate our Kansas and Oklahoma crude and products pipeline systems. Five product terminals were also added to the system during this period.

The volume of crude oil handled by our pipelines in 1969 totaled 37.3 million barrels — an increase of 500,000 barrels over the 1968 total of 36.8 million barrels, despite severely limited deliveries for seven weeks during the refinery strike.

In 1969, Skelly enjoyed the first full year of benefits from the products pipeline between the

El Dorado refinery and its terminal at Great Bend in western Kansas. Both the line and the terminal, constructed in 1968, handled volumes in excess of our most optimistic projections.

Also in its first full year of service was a pipeline built to move liquefied petroleum gas from the refinery to our underground storage at Conway, Kansas. As forecast, it increased our flexibility in transporting and storing LPG products, including feedstock requirements of the Chemplex plant at Clinton, Iowa.

Our 10 jointly or wholly owned product delivery terminals handled 209 million barrels of products in 1969, an increase of 39 percent over 1968.

Towering structures at the El Dorado, Kansas, refinery were caught in this unusual pose by a "fish-eye" lens.

Refinery throughput hits all-time high

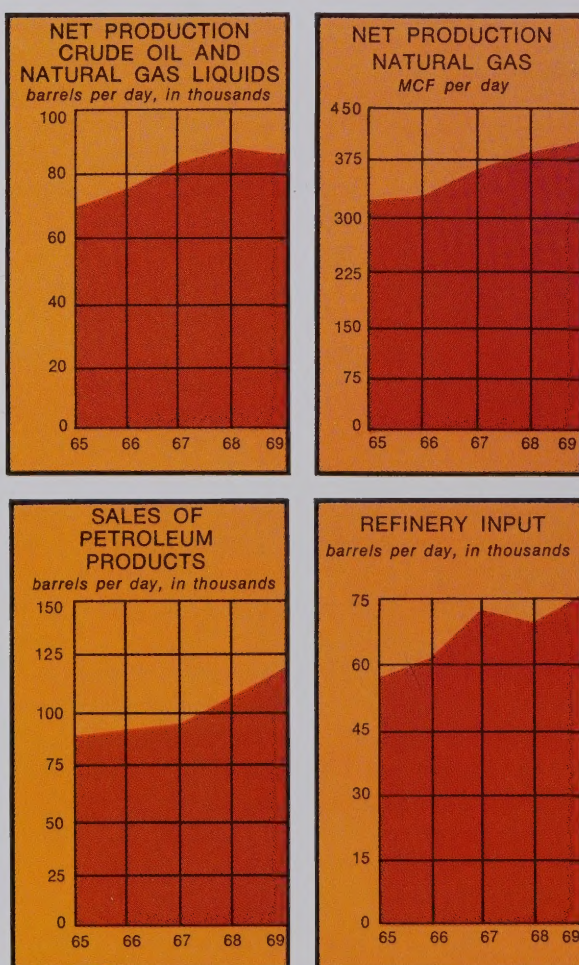
Average daily throughput at our El Dorado, Kansas, refinery was at a record rate of 75,540 barrels per day, some 7 percent higher than 1968's 70,704 barrels per day.

The 1969 throughput included an average of 64,660 barrels per day of crude oil and 10,880 barrels per day of natural gas liquids. Comparable figures for the preceding year were 62,213 barrels of crude oil and 8,491 barrels of natural gas liquids. Refinery production for the year averaged 75,419 barrels per day, compared with 1968's 69,810 barrels daily.

The new mark was achieved despite a 52-day strike in January and February that severely curtailed refining operations during that period and completely shut down our petrochemical and lube plants there. The shutdown of the petrochemical plant reduced the year's production of phenol and acetone.

Major capital projects completed at the refinery during the year included the revamping and modification of the catalytic cracking unit, replacement of the vapor recovery unit and the addition of a gas liquids unit that provides some of the ethane-propane mix for the Chemplex Company plant at Clinton, Iowa.

Production from our natural gasoline plants in



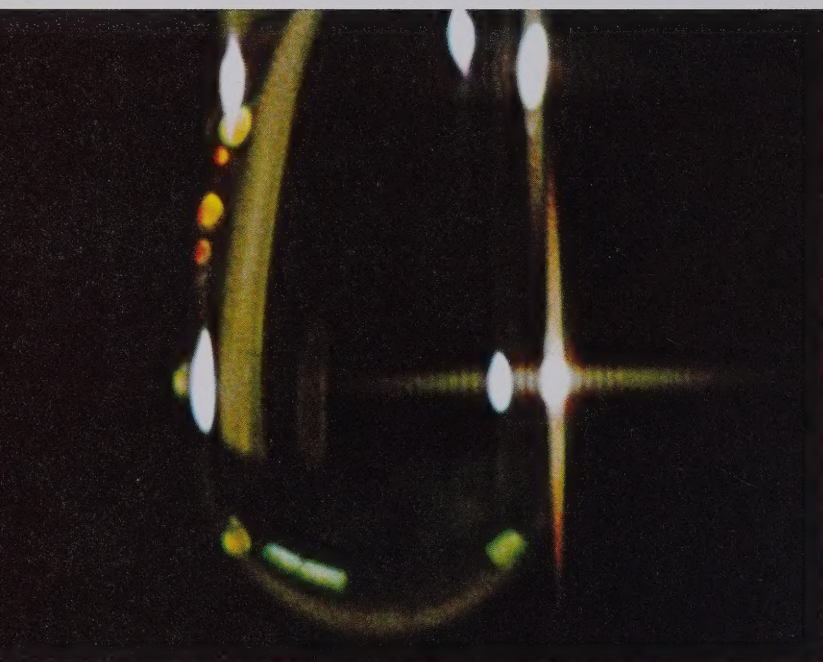


1969 established a new Skelly record of 543 million gallons. These plants processed 202 billion cubic feet of gas the past year, compared with 205 billion cubic feet the year before.

Skelly owns full interest in 15 gasoline plants and varying interests in 12 others, and operates a total of 16 of these plants.

During the year we sold our interest in, or ceased operation of, two small natural gasoline plants that no longer were economical. This did not materially affect the company's capabilities for gas processing or gas liquids production.

No substantial capital additions were made at any of the gasoline plants in the report period. ◇



This symbol of energy—the oil drop—opens our golden anniversary movie, "An Adventure Called Skelly."

Sales volume climbs to 1.8 billion gallons

For the eighth consecutive year, efforts of Skelly marketing department personnel have paid off in record product sales.

The 1969 sales volume for all products, including LPG, was 1.8 billion gallons, a 6 percent increase over 1968's record 1.7 billion gallons.

Total gasoline volume was 4 percent higher in 1969 than in 1968. In the same period, there was an increase of 9 percent in retail gasoline sales. This reflects expansion in direct marketing as well as higher average sales per station.

In comparison with 1968 figures, sales of our premium gasoline, Keotane, continued to increase and were up 10 percent in 1969.

Innovation Boosts Sales

Our gasoline sales were helped substantially by the introduction in 1969 of a new marketing program that features the use of blending pumps to dispense 5 grades of gasoline at 5 different prices.

These pumps have been installed at all major Skelly stations and have contributed to the higher sales volume at these outlets.

Increased refinery output and higher sales, to-

gether with a reduction in lower-margin business, helped improve our profits. However, this improvement was partially offset by the cost of the previously mentioned refinery strike. Prices of gasoline and other products were higher on the average than in 1968, as were most costs of refining and marketing. A labor cost increase, in line with the industry pattern, was granted early in the year.

Major Objectives Pursued

Our marketing objectives include continuing expansion in the important gasoline market represented by the interstate highway system and in major metropolitan areas. We increased to 210 the number of outlets on interstate highways, had 22 others under construction at December 31, and had 107 sites available for building.

In our service station construction program, work began on a prototype two-story truck stop, which will provide opportunity for added revenue at a lower unit cost than that afforded by a single-level structure.

As another part of this program, we are modernizing our older stations where the volume potentials justify the expense involved. A continuing program is followed to dispose of those stations that cannot be upgraded to meet our profitability standards.

In Skelgas (liquefied petroleum gas) marketing we are continuing to emphasize higher margin sales through our expanding retail branch operations. We now have 122 retail Skelgas outlets. These outlets sold 127 million gallons of product in 1969, an 8 percent increase over the 117 million gallons they sold a year ago.

Profitability was adversely affected by depressed prices of propane during most of 1969. In the last quarter there was a definite strengthening of prices, which has continued into 1970.

We also are increasing and expanding fertilizer sales through the Skelgas branches. With Skelly now owning 100 percent of Hawkeye Chemical Company, we are studying ways to coordinate the fertilizer marketing activities of our Skelgas branches and the Hawkeye marketing staff to provide a more effective and profitable overall fertilizer marketing program. ◇

At stations such as this one, where Skelly uses blending pumps to dispense five grades of gasoline at five prices, sales have increased significantly.

**SAVE!
5 GRADES
5 PRICES**

SKELLY

EFF
FUEL OIL
ULP
GALON

REGULAR	ULP	ULP	ULP
12.9	13.9	14.9	15.9

New 4 grades with Kestane



Diversification efforts utilize oil-business know-how

Skelly's program of diversification is designed to utilize our know-how in the oil and gas business — to avail the company of opportunities to upgrade its raw materials. It continued in 1969 to follow a plan of operations oriented in natural resources.

Petrochemicals Expand

In October we entered into a 50-50 partnership with Chung Ju Fertilizer Corporation to build a \$20 million acrylonitrile plant at Ulsan, Korea.

The company formed to operate this venture is Tong Suh Petrochemical Corporation, Ltd. Our plant will go into production in 1971 and will be the first such operation in Korea. It will produce acrylic fiber intermediates for the domestic and export textile and garment industry of Korea.

The Tong Suh plant will be in the same locality as Yong-Nam Chemical Company, which manufactures mixed fertilizers, also at Ulsan. Skelly owns 25 percent of Yong-Nam, and received its first dividend, amounting to \$1.2 million, in 1969. Operations began in 1967.

Another petrochemicals company, Chembond Corporation, of Springfield, Oregon, continued to expand during the year, both in sales and earnings. This wholly owned subsidiary manufactures petroleum-derived adhesives and resins for the plywood, particle board and paper industries.

Skelly has a 50 percent interest in Chemplex Company, which has its principal facility at Clinton, Iowa, and manufactures materials for the plastics industry.

The first phase of the plant was completed in 1968 and the second phase, completed in 1969, increased capacity of both high- and low-density polyethylene. Production at Chemplex in recent months has been at expected levels, as there has been no recurrence of operating problems experienced earlier in 1969.

In July, Skelly bought Swift & Company's half interest in Hawkeye Chemical Company, thus achieving full ownership and the potential for improved performance at this Clinton, Iowa, center for manufacturing ammonia, nitrogen fertilizers, urea, and liquid carbon dioxide.

In common with the entire fertilizer industry, Hawkeye has suffered from price deterioration

over the past two years. However, operating efficiencies and projected price improvements for next season brighten the outlook for 1970 profitability.

New Wood Products Ventures

In our wood-products business, the incorporation in 1969 of Vanply of Liberia, Inc., was a significant development. This company is owned 65 percent by Vanply, Inc., our wholly owned subsidiary. Vanply of Liberia produces timber and later will manufacture plywood and veneer. The company holds concessions on approximately 1.6 million acres of timberland in Liberia, West Africa.

At year end, Vancouver Plywood Co., Inc., a Louisiana subsidiary, announced plans to reorganize for total forest utilization. The plans provide for the construction of two new sawmills and the upgrading of products. At the same time, the purchase of another sawmill, major timber acquisitions and long-term timber contracts were also announced.

Under the reorganization plans, Skelly's ownership in this company was reduced from 66⅔ percent to 50 percent, in consideration of additional contributions by other stockholders.

Because of high interest rates and tight money, housing starts have been curtailed. This has resulted in decreased demand and prices for wood products, and reduced Vanply's contributions to Skelly's profits in the last half of 1969.

The prospects for this segment of our business are excellent in the long run, as a predicted surge of housing construction will substantially increase wood-products sales.

Uranium Activities Progress

Skelly's numerous activities in uranium continued in 1969.

Petrotomics Company, in which we own a one-sixth interest, made its first sales of uranium for commercial use, and has received several inquiries about supplying future needs. Milling continues at the company facility in the Shirley Basin, Wyoming.

In a separate joint venture with Getty Oil Company, Skelly has a one-third interest in other

A giant Douglas fir sends up a spray of water as it is unloaded at a Vanply, Inc., veneer mill in Oregon. Such wood-products operations are a part of Skelly's diversification efforts aimed at development and up-grading of raw materials.



uranium ore reserves in the Shirley Basin. The scope and timing of possible mining and milling activity are being studied. Other parts of the western United States are still being explored.

An area of 80,000 acres in the Powder River Basin of Wyoming is being explored in another uranium venture with Getty Oil and Cleveland Cliffs Iron Company. Skelly owns a one-sixth interest in this operation.

In 1968, we purchased our initial interest in Nuclear Fuel Services, Inc., a nuclear fuel reprocessing and fabrication company.

This purchase was made as an acquisition with long-term growth potential, recognizing that immediate profits would not be realized.

On March 31, 1969, Skelly and Getty Oil Company purchased the remaining outside interest in NFS. Skelly now owns 11.9 percent of NFS and holds \$6 million of ten-year convertible debentures. Getty Oil holds the remaining ownership interest.

Sulfur Project Waits

Sulfur in significant quantities was found on the concession granted in 1967 to Skelly and Minerales Mexicanos Mayaqui by the Mexican government.

However, because of the current low price of sulfur, no decision has been made to proceed with extractive operations at this time. ◇

Programs emphasize value of good personnel

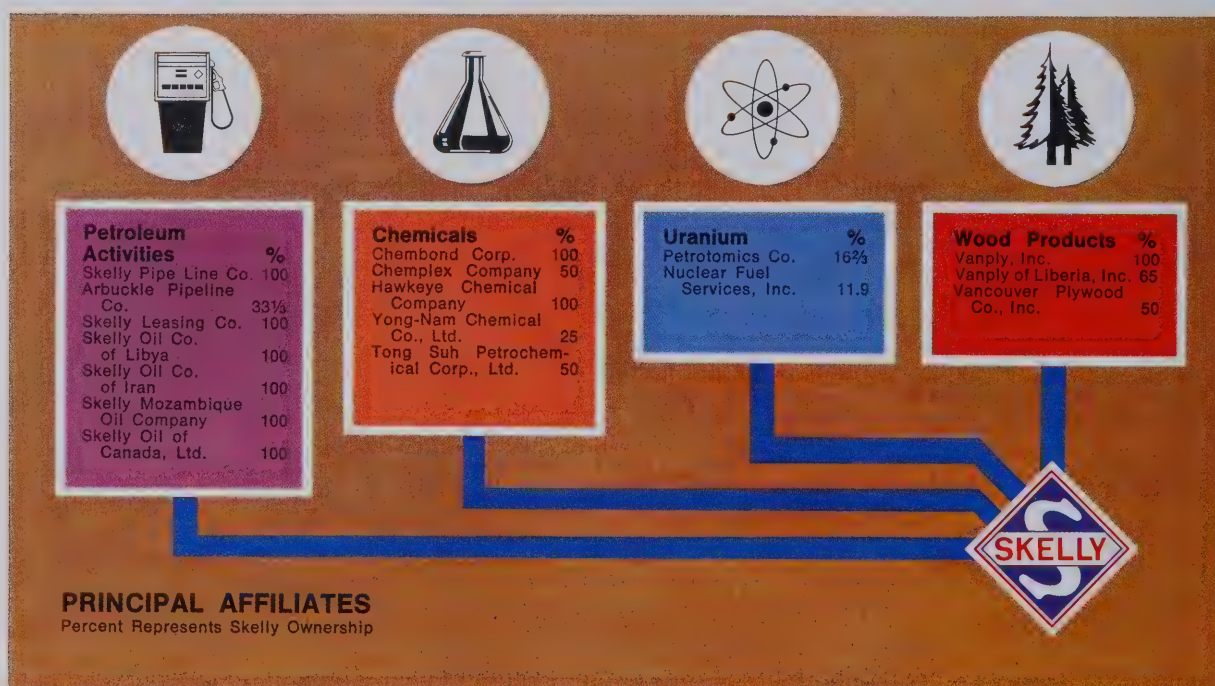
Skelly continues to emphasize its efforts to attract, retain and motivate loyal, dedicated people, and to provide them with the tools, organization and direction so that their efforts can be fully utilized to the mutual benefit of the company and the employee.

To this end, we continuously review our programs and achievements. As a result, in 1969 we improved the Skelly Savings and Investment Plan, which aids our people in retirement planning, and helps the company toward its personnel goals.

Studies of the wage and salary situation resulted in improvements in our salary structure, and in increased wages and salaries for many employees, thus keeping us competitive in the marketplace for capable people.

Emphasis on employee development continued, with the start of a new in-house management training course. Also some 80 technical, professional and scientific employees attended seminars and other special training sessions. Another 84 employees participated in our education assistance program, and others attended formal classes given by educational institutions and trade and professional associations.

During 1969, the first group of 10 Skelly scholarship winners, chosen from employees' chil-





Executive Vice President J. E. Hara, left, and President Ernest B. Miller, Jr., center, receive from F. G. McClintock, Tulsa Chamber of Commerce president, a certificate recognizing Skelly's civic contributions during the past 50 years.

dren, completed their college educations. This scholarship program has been of substantial help to Skelly families, and affords the company the opportunity of first choice at some outstanding talents useful in business, as well as broadening our exposure on college campuses.

One of the highlights of 1969 was a series of 38 golden anniversary dinners held for our employees and featuring the prize-winning movie entitled "An Adventure Called Skelly," which was prepared especially for the 50th anniversary observation. These dinners took members of the management team to all areas in which Skelly operates and provided them an excellent opportunity to meet the other employees throughout the company.

In the past year, increased impetus was given to the search for prospective employees with above average potential. We conducted hundreds of interviews at Skelly offices throughout our operating territory, and on college campuses in the midwest and southwest. Again this year, we participated in a number of high school and college seminars designed to aid in stimulating interest in petroleum industry careers.

Promotion of equal opportunities for employment continued, and Skelly took active part in programs to increase job opportunities for members of minority groups.

Coordination of organized safety activities throughout the company was implemented in November with the establishment of the post of corporate safety director. This step enables more effective utilization of techniques for reducing human suffering and loss of time and money as a result of accidents. ◇

Revenue reaches record level

Sales and other revenue for 1969 increased 3 percent to a record \$485.2 million, mainly due to higher sales of refined and chemical products.

Net income of \$38.4 million in 1969 was down, however, from the \$40.3 million recorded the year before. The 1968 net income included a gain of \$2.6 million on the sale of Diamond-Shamrock Corporation stock; in 1969 there was no comparable sale and gain.

The decline in 1969 net income reflected (1) operating problems at the Chemplex Company plant, (2) lower prices for LPG and wood products, (3) the partial shutdown of our El Dorado refinery during the 52-day strike early in the year, and the increased costs associated with the new labor contract, negotiated in line with the industry pattern, (4) reduced investment tax credit, accounted for by the flow-through method, and (5) an increase in interest expense because of higher interest rates.

Favorable factors partially offsetting the lower earnings were the following items: (1) reduced oil and gas exploration costs, primarily because of lower dry hole costs, (2) receipt of our first dividend from Yong-Nam Chemical Company in 1969, and (3) reduced Retirement Plan costs, as a result of an independent actuary's thorough review of the actuarial assumptions and funding of the Plan. The latter item is described further in footnote 3 to the Financial Statements, page 19.

While prices for crude oil and petroleum products (except LPG) were generally higher than in 1968, they were offset by increased labor and other costs.

Cash Flow More Than Adequate

The cash flow for 1969 totaled \$92.0 million, compared with \$95.7 million in 1968. Cash flow was more than adequate to provide for capital expenditures of \$68.1 million in 1969 as well as an increase of \$7.1 million in working capital. Long-term debt was reduced by \$5.8 million in 1969.

Of the total capital expenditures, \$38.1 million was spent for oil and gas exploration and production, \$13.3 million for manufacturing (including refining, gas processing, and chemical plants), \$12.3 million for petroleum marketing, and \$4.4 million for other purposes. The total of \$68.1 million, compared with \$94.0 million in 1968, reflects reduced expenditures for exploration and

production and for Chemplex Company's plant.

Dividends during 1969 remained at the rate of \$1.00 per share, and totaled \$12.0 million. Treasury stock purchases during 1969 totaled \$6.5 million, compared with \$4.1 million in 1968.

Several accounting policy changes were made in 1969, which had the net effect of increasing net income by about \$1.0 million. The computation of depreciation, depletion, and amortization of oil and gas properties was changed to a production-district basis instead of the individual-lease basis formerly used, which increased net income. Partially offsetting were the following changes, which reduced net income: (1) depreciation of Alaskan production and pipeline equipment was changed from the straight-line to the unit-of-production method; (2) the amounts of geophysical costs to be capitalized and expensed were determined currently on an estimated basis rather than being held in suspense until an actual determination could be made; and (3) uranium exploration costs were expensed currently, instead of being capitalized and amortized over subsequent periods, as previously was done.

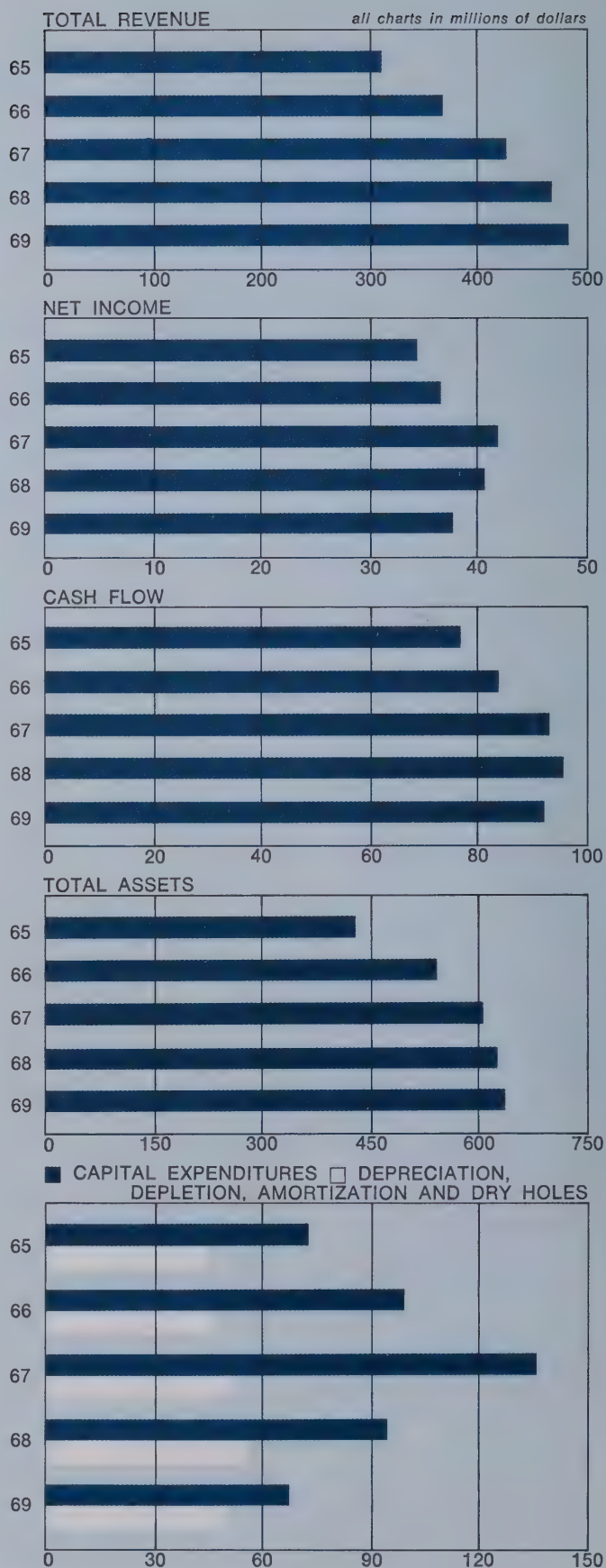
Subsidiary Changes Made

Two major changes in subsidiary holdings were made during 1969. Skelly increased its share of Hawkeye Chemical Company from 50 percent to 100 percent by buying Swift & Company's interest; and reduced its ownership of Vancouver Plywood Co., Inc., (Louisiana) from 66⅔ percent to 50 percent, in connection with a restructuring of the latter company.

Consistent with its policy on consolidation, Skelly has consolidated the activities and accounts of Hawkeye Chemical Company from July 1, 1969, the date of acquisition of the additional interest. Effective December 31, 1969, Vancouver Plywood Co., Inc., is no longer consolidated and will be handled on the equity method of accounting. ◇

SALES AND OPERATING REVENUE (Dollars in Millions)

	1969		1968	
	Amount	Percent	Amount	Percent
Petroleum Operations —				
Crude Oil and Natural Gas..	\$128.7	26.8	\$131.0	28.3
Petroleum Products	255.1	53.1	239.0	51.7
Tires, Batteries, Accessories and Services.....	9.6	2.0	8.7	1.9
	393.4	81.9	378.7	81.9
Wood Products.....	67.0	14.0	71.9	15.5
Chemical and Other Products..	20.0	4.1	11.8	2.6
	<u>\$480.4</u>	<u>100.0</u>	<u>\$462.4</u>	<u>100.0</u>



SKELLY OIL COMPANY

Consolidated statement of income

FOR THE YEARS ENDED DECEMBER 31,

REVENUE:	1969	1968
Sales and operating revenue (including excise taxes).....	\$480,375,000	\$462,423,000
Dividends, interest, and other income.....	4,516,000	3,752,000
Gain on sale of assets.....	330,000	4,243,000
	<u>485,221,000</u>	<u>470,418,000</u>
 COSTS AND EXPENSES:		
Purchased crude oil, natural gas, and products.....	200,094,000	199,855,000
Operating expenses.....	72,762,000	66,193,000
Selling, general, and administrative expenses.....	49,880,000	47,472,000
Taxes, including income taxes (Note 4).....	60,265,000	53,404,000
Exploratory costs, including dry holes and lease rentals.....	6,775,000	9,024,000
Depletion, depreciation, and amortization.....	50,142,000	49,486,000
Interest expense.....	6,932,000	4,715,000
	<u>446,850,000</u>	<u>430,149,000</u>
 NET INCOME.....	<u>\$ 38,371,000</u>	<u>\$ 40,269,000</u>
 Net Income per share.....	<u>\$3.21</u>	<u>\$3.34</u>

Consolidated statement of earnings employed in the business

	1969	1968
Balance at beginning of year.....	\$365,864,000	\$337,664,000
Add — Net income for the year.....	38,371,000	40,269,000
	<u>404,235,000</u>	<u>377,933,000</u>
 Deduct — Cash dividends, \$1.00 per share.....	11,959,000	12,069,000
Balance at end of year.....	<u>\$392,276,000</u>	<u>\$365,864,000</u>

The notes on page 19 are an integral part of these statements.

Consolidated balance sheet

DECEMBER 31,

Assets

CURRENT ASSETS:	1969	1968
Cash.....	\$ 8,040,000	\$ 12,404,000
Marketable securities, at cost which approximates market.....	5,860,000	9,406,000
Notes and accounts receivable, less reserve.....	55,496,000	52,633,000
Inventories, at the lower of cost or market —		
Crude oil, refined, and other products (Principally last-in, first-out).....	38,497,000	32,689,000
Materials and supplies.....	8,862,000	8,565,000
Other current assets.....	2,914,000	3,781,000
Total current assets.....	119,669,000	119,478,000
INVESTMENTS AND LONG-TERM RECEIVABLES.....	35,721,000	29,207,000
PROPERTY, PLANT, AND EQUIPMENT, at cost:		
Exploration and production properties.....	632,058,000	613,089,000
Refinery, chemical, and gas processing plants.....	257,010,000	231,088,000
Petroleum marketing facilities.....	133,918,000	124,016,000
Transportation and other facilities.....	66,503,000	72,098,000
	1,089,489,000	1,040,291,000
Less — Reserves for depletion, depreciation, and amortization.....	596,953,000	554,387,000
	492,536,000	485,904,000
DEFERRED INCOME TAXES.....	—	1,200,000
	<u>\$647,926,000</u>	<u>\$635,789,000</u>

The notes on page 19 are an integral part of this statement.

Liabilities and stockholders' equity

CURRENT LIABILITIES:	1969	1968
Current portion of long-term debt.....	\$ 9,282,000	\$ 25,180,000
Notes payable.....	18,550,000	12,900,000
Accounts payable and accrued liabilities.....	45,336,000	42,266,000
Accrued taxes on income.....	1,254,000	950,000
Total current liabilities.....	74,422,000	81,296,000
LONG-TERM DEBT (excluding current portion):		
Notes payable, due 1971 (6% to 8.5%).....	17,300,000	16,800,000
Industrial revenue bonds due 1971-1998 (3.8% to 5.5%).....	42,857,000	43,965,000
Purchase obligations.....	375,000	5,517,000
Total long-term debt.....	60,532,000	66,282,000
DEFERRED INCOME.....	15,250,000	12,388,000
DEFERRED INCOME TAXES.....	1,998,000	—
STOCKHOLDERS' EQUITY (Note 2):		
Common stock, \$10 par value —		
Authorized 15,000,000 shares		
Issued 12,500,000 shares.....	125,000,000	125,000,000
Earnings employed in the business.....	392,276,000	365,864,000
	517,276,000	490,864,000
Less — Treasury stock at cost, 591,205 shares in		
1969; 471,230 shares in 1968.....	21,552,000	15,041,000
	495,724,000	475,823,000
	<u>\$647,926,000</u>	<u>\$635,789,000</u>

SKELLY OIL COMPANY

Consolidated statement of funds

SOURCE OF FUNDS:

	1969	1968
Net income.....	\$ 38,371,000	\$ 40,269,000
Depletion, depreciation, and amortization.....	50,142,000	49,486,000
Dry hole costs.....	3,461,000	5,977,000
Cash flow.....	91,974,000	95,732,000
Dispositions of property, plant, and equipment.....	4,939,000	3,539,000
Increase (decrease) in deferred income.....	2,862,000	(6,060,000)
Decrease (increase) in investments and long-term receivables.....	(6,514,000)	10,734,000
Decrease in construction funds held by trustee.....	6,171,000	607,000
Net change in deferred income taxes.....	3,198,000	4,961,000
	<u>\$102,630,000</u>	<u>\$109,513,000</u>

DISPOSITION OF FUNDS:

Capital expenditures including dry holes.....	68,133,000	94,043,000
Net property acquired through consolidation.....	3,212,000	—
Cash dividends paid.....	11,959,000	12,069,000
Decrease in long-term debt.....	5,750,000	1,403,000
Purchase of treasury stock.....	6,511,000	4,127,000
Increase (decrease) in working capital.....	7,065,000	(2,129,000)
	<u>\$102,630,000</u>	<u>\$109,513,000</u>

The notes on page 19 are an integral part of this statement.

Auditors' report

ARTHUR ANDERSEN & CO.

TULSA, OKLAHOMA

To the Stockholders and the Board of Directors of Skelly Oil Company:

We have examined the consolidated balance sheet of SKELLY OIL COMPANY (a Delaware Corporation) and SUBSIDIARIES as of December 31, 1969, and the related consolidated statements of income, earnings employed in the business, and funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the financial statements for the preceding year.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income, earnings employed in the business, and funds present fairly the financial position of Skelly Oil Company and Subsidiaries as of December 31, 1969, and the results of their operations and the source and disposition of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co.

January 21, 1970

Notes TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (1) The consolidated financial statements include the accounts of all companies owned more than 50 percent, together with the company's 50 percent interest in the assets, liabilities, and operations of Chemplex Company, an unincorporated joint venture. Companies owned 50 percent or less are not consolidated and Skelly's investment therein is included in the Balance Sheet in "Investments and Long-Term Receivables". Skelly's equity in undistributed earnings of 50 percent owned companies is included in "Dividends, Interest, and Other Income".
- (2) Under the terms of the Restricted Stock Option Plan for Officers and Other Key Employees, options may be granted until October 18, 1970, for 20,000 shares at prices not less than their fair market value on the date the options are granted. During 1969 no options were granted, but options for 3,825 shares previously granted were exercised at prices ranging from \$22.80 to \$28.80 per share (an aggregate of \$102,960) and options for 1,000 shares expired. An option for 50 shares is exercisable at a price of \$24.00 per share and will expire in 1971.
- (3) The company has a retirement plan that is administered by an independent trustee and covers all regular employees of Skelly Oil Company. The company bears the entire cost of the plan and reserves the right to modify or discontinue the plan at any time. Both the normal cost and the past service cost are accrued ratably over the average future service lives of all employees. During 1969 an independent firm of actuaries made a valuation of the plan, in which revised actuarial assumptions were used. In addition, recognition was given to actuarial gains, which had not previously been considered. Upon recommendation of the actuarial firm, based on its

study, the 1969 provision for retirement plan costs was reduced by approximately \$2 million, or \$1 million after tax. Certain subsidiaries are covered under separate retirement plans. The combined costs of all retirement plans charged to income in 1969 and 1968 were \$1,112,000 and \$2,997,000, respectively.

(4) Taxes, including income taxes, consist of the following:		
	1969	1968
Federal and State Income Taxes	(In Thousands)	
Current income taxes	\$ 3,700	\$ 1,645
Deferred income taxes	2,604	5,049
Investment tax credit	(2,804)	(4,044)
Total income taxes	3,500	2,650
Excise taxes	42,821	37,629
Property taxes	6,156	5,609
Severance and production taxes	5,190	5,005
Payroll and other taxes	2,598	2,511
Total	\$60,265	\$53,404

- (5) The company has numerous leases for bulk and service stations, office space and other facilities, which generally cover periods in excess of three years. Minimum rentals payable under these leases are estimated to be \$4,000,000 for 1970. Annual rental income from all such properties subleased to others is estimated at \$3,000,000. The company is contingently liable for commitments and guarantees arising in the ordinary course of business, which will not, in the opinion of management, result in any material loss.

Accounting policies

Skelly Oil Company's accounting policies as described below are based on generally accepted accounting principles. In matters unique to the petroleum industry, Skelly's policies conform to the predominant practice of the industry.

Inventories

Inventories of crude oil and refined products are priced at the average cost of purchases or production, as appropriate. Cost is determined on the last-in first-out basis, which is lower than current replacement cost. Materials and supplies are stated at or below cost.

Intangible drilling costs

Intangible drilling costs applicable to successful wells are capitalized and amortized on the unit-of-production method as oil or gas is produced.

Exploratory costs

The cost of non-productive wells, the cost of geophysical work that does not result in the acquisition or retention of acreage, and the cost of lease rentals are charged to expense.

Leasehold costs

Undeveloped leasehold acquisition costs are capitalized and amortized based on estimates and prior experience. Costs of surrendered leases are charged to the amortization reserve.

Depreciation, depletion, and amortization

Depreciation, depletion, and amortization of the cost of producing properties (including depreciable investment, intangible drilling costs, and leasehold costs) are determined by production operating districts, on the unit rate of production method based on estimated

recoverable oil and gas reserves. Depreciation of other property, plant, and equipment is computed on each class of property at rates considered adequate to recover its cost, less estimated salvage, on a pro-rata basis over its estimated useful life.

Property retirements or disposal

On partial sales of a property unit, it is the general policy to charge or credit to the related reserve the difference between the cost of the property retired and the proceeds (less salvage costs) realized from disposal. In the case of the sale or retirement of a complete property unit, the difference between the net proceeds and the unrecovered book value of such unit is recognized as gain or loss.

Maintenance and repairs

Maintenance, repairs and replacements are generally charged to expense at the time the expenditures are incurred. Costs of renewals and betterments constituting improvements are capitalized.

Income taxes

Deferred income taxes are recognized for items which are recorded for tax purposes in different years than for financial purposes, with the exception of intangible drilling costs.

The investment tax credit is recorded on the flow-through method of accounting whereby it is applied as a reduction of current and deferred federal income tax expense in the year available for utilization.

Sales of future production

Revenue from the sale of future production (carved-out production payments) is deferred and taken into income as production occurs.

Ten year financial statistics

(Dollar Amounts in Thousands except per Share Amounts)

	1969	1968	1967
Sales and other revenue			
(including excise taxes).....	\$485,221	\$470,418	\$432,083
Net income.....	\$ 38,371	\$ 40,269	\$ 42,016
Net income per share**.....	\$ 3.21	\$ 3.34	\$ 3.48
Cash flow.....	\$ 91,974	\$ 95,732	\$ 93,802
Net working capital.....	\$ 45,247	\$ 38,182	\$ 40,311
Current ratio.....	1.61 to 1	1.47 to 1	1.59 to 1
Property, plant, and equipment — net.....	\$492,536	\$485,904	\$451,470
Capital expenditures			
Exploration and production properties.....	\$ 38,119	\$ 45,842	\$ 54,551
Refinery, chemical, and gas processing plants.....	\$ 13,260	\$ 30,413	\$ 59,337
Petroleum marketing facilities.....	\$ 12,329	\$ 12,220	\$ 10,594
Transportation and other facilities.....	\$ 4,425	\$ 5,568	\$ 9,816
Total.....	\$ 68,133	\$ 94,043	\$134,298
Total assets.....	\$647,926	\$635,789	\$605,821
Long-term debt.....	\$ 60,532	\$ 66,282	\$ 67,685
Number of stockholders.....	5,345	5,198	5,033
Shares outstanding.....	11,908,795	12,028,770	12,079,470
Stockholders' equity			
Amount.....	\$495,724	\$475,823	\$451,750
Per share**.....	\$ 41.63	\$ 39.56	\$ 37.40
Cash dividends			
Amount.....	\$ 11,959	\$ 12,069	\$ 12,076
Per share**.....	\$ 1.00	\$ 1.00	\$ 1.00

*Excludes extraordinary net income of \$16,241,222 or \$1.34 per share.

**Years prior to 1966 restated to reflect 2½ for 1 stock split.

1966	1965	1964	1963	1962	1961	1960
\$368,662	\$311,995	\$289,283	\$285,453	\$269,476	\$272,035	\$282,740
\$ 36,962*	\$ 33,996	\$ 25,702	\$ 25,000	\$ 21,595	\$ 23,850	\$ 24,415
\$ 3.04*	\$ 2.78	\$ 2.09	\$ 1.94	\$ 1.60	\$ 1.70	\$ 1.71
\$ 83,934	\$ 77,744	\$ 67,291	\$ 68,476	\$ 67,125	\$ 68,702	\$ 68,013
\$ 28,676	\$ 44,950	\$ 50,401	\$ 36,746	\$ 48,533	\$ 61,526	\$ 56,298
1.37 to 1	2.33 to 1	3.03 to 1	2.20 to 1	3.04 to 1	3.04 to 1	2.95 to 1
\$396,347	\$331,262	\$307,239	\$305,839	\$298,409	\$297,450	\$297,685
\$ 56,801	\$ 52,601	\$ 29,503	\$ 24,246	\$ 33,735	\$ 36,453	\$ 38,058
\$ 12,084	\$ 5,681	\$ 5,943	\$ 14,987	\$ 4,735	\$ 3,899	\$ 6,114
\$ 10,859	\$ 9,665	\$ 8,456	\$ 9,560	\$ 11,215	\$ 6,442	\$ 5,501
\$ 16,386	\$ 4,876	\$ 3,826	\$ 5,204	\$ 3,853	\$ 1,458	\$ 4,774
\$ 96,130	\$ 72,823	\$ 47,728	\$ 53,997	\$ 53,538	\$ 48,252	\$ 54,447
\$545,678	\$420,339	\$389,821	\$381,350	\$383,600	\$393,285	\$387,812
\$ 42,264	—	—	\$ 500	\$ 1,500	\$ 2,335	\$ 3,347
4,871	4,842	4,961	5,184	5,771	6,206	6,493
12,068,595	12,199,595	12,246,095	12,328,595	13,194,383	13,819,525	14,134,543
\$421,521	\$384,439	\$362,174	\$349,207	\$357,372	\$359,241	\$353,250
\$ 34.93	\$ 31.51	\$ 29.57	\$ 28.32	\$ 27.09	\$ 26.00	\$ 24.99
\$ 10,358	\$ 9,769	\$ 9,843	\$ 9,339	\$ 9,717	\$ 10,121	\$ 10,291
\$.85	\$.80	\$.80	\$.72	\$.72	\$.72	\$.72

Ten year operating statistics

	1969	1968	1967
EMPLOYEES			
Number of employees.....	6,271	6,032	5,858
Wages, salaries, benefits—thousands of dollars.....	\$58,723	\$56,200	\$48,557
EXPLORATION AND PRODUCTION			
Net daily production			
Crude oil and condensate — barrels.....	78,174	80,496	75,363
Natural gas liquids — barrels (Note 1).....	10,600	9,347	9,191
Total.....	88,774	89,843	84,554
Natural gas — MCF.....	403,765	385,515	363,584
Net proved reserves (Note 2)			
Crude oil and condensate — thousands of barrels.....	425,100	426,500	
Natural gas liquids — thousands of barrels (Note 1).....	21,100	25,600	
Total.....	446,200	452,100	
Natural gas — billion cubic feet.....	1,979	1,871	
Net producing wells owned.....	4,494	4,594	4,939
Net wells drilled			
Producing.....	42	49	74
Dry.....	14	25	37
Total.....	56	74	111
Net oil and gas acreage — in thousands			
Producing.....	702	709	715
Prospective.....	910	1,013	1,414
Total.....	1,612	1,722	2,129
MANUFACTURING			
Refinery input — barrels per day.....	75,540	70,704	73,873
Gas processing — net (Note 3)			
Natural gas liquids recovered — barrels daily.....	35,401	35,037	27,834
Natural gas liquid reserves recoverable from plant interests — thousands of barrels (Note 2).....	126,800	137,100	
MARKETING			
Sales of petroleum products — barrels per day.....	115,407	108,227	98,726
Petroleum tank stations, owned or leased.....	409	416	401
Service stations, owned or leased.....	1,133	1,128	1,100
Skelgas branch stores.....	122	119	109

NOTES:

(1) Natural gas liquids production volumes for the 10-year period have been revised to represent net quantity of liquids recovered from the Company's lease interest in wet gas delivered for processing. No reduction has been made in such quantities for the portion retained by gas processing plants for extraction of liquids. In 1969 the natural gas liquid reserves have been reported, and the 1968 reserves

restated, on the same basis.

(2) Reserves of crude oil and condensate, natural gas liquids, and natural gas are as estimated by DeGolyer and MacNaughton. Reserves data for years prior to 1968 are not available on a consistent basis.

(3) Gas processing data relate to plants in which the Company has a proprietary interest. Data given represents the plant production and natural gas

1966	1965	1964	1963	1962	1961	1960
5,417	4,239	4,198	4,236	4,343	4,471	4,727
\$41,754	\$34,254	\$33,490	\$33,950	\$33,134	\$33,077	\$32,891
69,982	64,653	63,789	62,952	62,566	64,046	63,196
8,427	8,268	8,325	8,601	8,577	8,331	7,778
78,409	72,921	72,114	71,553	71,143	72,377	70,974
335,951	332,370	326,088	313,588	300,547	302,126	310,037
5,064	5,104	5,163	5,160	5,110	5,300	5,335
109	125	100	92	87	119	215
37	43	36	36	57	47	53
146	168	136	128	144	166	268
707	701	658	643	639	623	613
1,928	2,141	2,376	2,928	4,081	4,464	4,936
2,635	2,842	3,034	3,571	4,720	5,087	5,549
63,249	58,735	56,422	57,029	56,923	57,074	54,272
24,892	24,781	23,302	23,235	23,099	23,464	22,203
94,595	90,400	85,932	82,893	82,677	82,337	82,522
407	414	417	421	419	411	408
1,092	1,097	1,080	1,064	991	947	913
107	103	95	83	65	51	49

liquid reserves committed to the plant multiplied by the Company plant ownership interest. These plants extract natural gas liquids from proprietary lease production and from gas which is committed to the plants under contracts of varying terms with other gas producers. The contracts with other gas producers typically allocate 25 to 30 percent of the liquids to the interest of the producers. Neither the

reported production nor the reserves have been reduced for the portion allocable to the producer of the gas under the terms of the purchase contracts. Only a minor portion of these reserves are recoverable from Company lease interests. The portion of net daily production and net proved reserves attributed to proprietary lease interest is also included in the exploration and production category above.



Directors

JAMES E. HARA
C. J. HEAD
KENNETH E. HILL
JACK D. JONES
CHARLES F. KRUG
ERNEST B. MILLER, JR.
C. D. SIGNORELLI
W. W. SIMPSON
HAROLD C. STUART

Officers

ERNEST B. MILLER, JR. — *President*
JAMES E. HARA — *Executive Vice President*
A. C. SAMUELSON — *Group Vice President*
W. W. SIMPSON — *Group Vice President*
P. J. VAANANEN — *Group Vice President*
HOWARD H. BELEW — *Vice President, Manufacturing*
L. L. BYARS — *Vice President, Natural Gas*
J. Y. HASLAM — *Vice President, Project Development*
W. H. NICHOLS — *Vice President, Supply & Transportation*
J. H. OUALLINE — *Vice President, Exploration and Production*
FRANK J. SODAY — *Vice President, Chemicals*
PAUL A. TANNER — *Vice President, Marketing*
DUANE A. BLAND — *Controller*
RICHARD J. DENT — *Secretary*
ROBERT ROLSTON — *Treasurer*

General offices

TULSA, OKLAHOMA

Stock transfer agent

THE CHASE MANHATTAN BANK, N. A., NEW YORK

Stock registrar

MANUFACTURERS HANOVER TRUST COMPANY,
NEW YORK

JAMES E. HARA
Executive Vice President



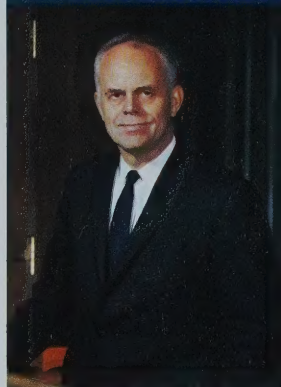
W. W. SIMPSON
Group Vice President



PAUL J. VAANANEN
Group Vice President



A. C. SAMUELSON
Group Vice President



Changes in corporate structure improve coordination, efficiency

In April, the corporate structure was reorganized to improve coordination and efficiency of operations. Related functions were grouped, and three experienced Skelly executives were elected to new group vice president positions. All report to Executive Vice President James E. Hara.

W. W. Simpson, 58, formerly vice president for exploration, was named group vice president for exploration and production, exploration — foreign and solid minerals, and natural gas.

Paul J. Vaananen, 55, who had been manager of employee and public relations, was given charge of the supply and transportation, manufacturing, marketing, and chemicals departments.

A. C. Samuelson, 50, former controller, was made responsible for the treasurer's, controller's, computer, economics, and purchasing and materials departments.

Judd H. Oualline, 49, previously exploration manager, was named vice president of exploration and production in July, as the exploration and production departments were combined to provide better coordination in this important area.

Also during the year, J. Y. Haslam, 57, vice president for engineering and construction, was elected vice president for project development.

Duane A. Bland, 37, formerly accounting manager, was elected controller.

Mark D. Poteet, 49, was named manager of the employee and public relations department. He had been director of employee development and public affairs.

Richard J. Dent, 47, was elected to succeed Hawley C. Kerr as corporate secretary effective January 1, 1970. Dent also is general counsel. ◇

BOARD OF DIRECTORS

